BULLETIN

from the Office of Retirement Services

Congratulations! Your Early Out retirement application has been filed.

This bulletin is to serve as a reminder of what to do and what's to come. Not all of it will pertain to you, but please do review it all carefully. We know that you don't want any unforeseen glitches in your retirement process any more than we do.

First and foremost: Your application is a commitment to retire. If you meet all of the Early Out eligibility requirements and the May 15 deadline to rescind has passed, we will "lock in" your election and notify your employer of your intent to retire as of the retirement date shown on your application.

If you meet the Early Out eligibility requirements based on your intent to purchase service credit but then fail to do so, you would then be considered a deferred member (vested at the time of separation from state employment but not yet eligible for a pension). No Early Out pension would then be payable; you would be considered separated from state employment; and you would have to wait until you qualify under the regular age and service provisions as defined in the State Employees' Retirement Act (1943 PA 240) and in the *Retirement Guidelines*.

If you wish to withdraw your application, you must do so in writing, and your request must be received by ORS or postmarked no later than May 15. After May 15 (or 7 days after an extension rejection—see below), your application will be irrevocable. Write a letter stating that you wish to withdraw the Early Out retirement application you filed in April. Be sure to include your printed name, social security number, and address, and to sign and date the request. Most important, be sure to get it to ORS by May 15.

Mail to: Office of Retirement Services, P.O. Box 30171, Lansing MI 48909-7671
Deliver to: Office of Retirement Services, General Office Building, 7150 Harris Drive, Dimondale
FAX to: (517) 322-1116 Attention: Early Out Processing

If an extension has been requested for you, be sure to monitor the status of the request. The law allows for a limited number of employees to have their employment extended for up to 15 months from the date they would otherwise retire, but not beyond February 1, 2004. Your department director must submit a written request *with your signature* to the proper authority (depending on your branch of government). That authority must send the list of all approved extensions to ORS by May 31, 2002.

If the extension request is denied, you have 7 days after the notice of rejection to withdraw your application. If an extension request has not been filed, your deadline to withdraw your application is May 15.

If you have been approved for an extension, no pension will be payable until the extension date—even if you leave state employment earlier.

If you are purchasing service credit, it is important to keep track of your payments so you don't end up short of the age and service requirement by your retirement effective date. Some employees are using tax-deferred payments (TDP), qualified plan rollovers, and final leave payoffs (excluding sick leave) to purchase service credit. We don't want you to find yourself ineligible for the Early Out pension because your required paperwork wasn't submitted on time or your payoff amounts were estimated incorrectly.

Here are some points regarding service credit purchases to keep in mind:

- Any service credit purchase must be made before you terminate employment. If you have signed a TDP agreement, you will have met this purchase requirement, even though some of the actual payments on your purchase may occur after you terminate. Read on for details.
- Member Billing Statements, which show how much service credit is available for your purchase, have a due date, usually October 1. If your payment is not submitted to ORS by October 1, or your TDP purchase agreement (form R498G) is not signed by you and your human resource office by October 1, you will need to request a new Member Billing Statement and the purchase cost will likely be higher.
- If you are using a qualified plan rollover to purchase service credit, be sure your plan administrator submits the funds to ORS well before your termination date. If you are using a rollover to pay off or pay down the balance of a TDP agreement, be sure you have consulted ORS to calculate the balance because the balance changes with each payroll deduction.
- If you plan to purchase service credit using both a rollover and tax-deferred payroll deductions, we suggest that you first do the rollover, and then set up a TDP agreement for the remainder.
- If you are using your annual leave, longevity, compensatory time, or deferred hours payoff to purchase service credit, be sure that (1) your signed TDP request is submitted to ORS prior to October 1 or your termination date, if sooner; (2) you have checked the one-time deduction authorization on form R498G and written "A/L payoff" for annual leave or "termination payoff" for longevity, compensatory time, or deferred hours payoff in the space for the date; and (3) you have worked closely with your human resource office to estimate the amount of your final payoff.

  For a rough estimate of your final leave payoff you should multiply your hourly rate times annual leave hours at termination, and then subtract approximately **15 percent**. Any garnishments and levies should also be considered. Remember, you can only purchase in month and year increments shown on your Member Billing Statement, regardless of the payoff amount.

  Deferred Compensation plan contributions are deducted *after* social security, Medicare, levies, garnishments, and tax-deferred service credit purchases. Contact CitiStreet if you wish to change or stop your Deferred Compensation contributions before your final payoff.

If you have annual leave, longevity, compensatory time, deferred hours, or sick leave payable, we expect payoffs to be made in the following manner:

- Annual leave, longevity, compensatory time, and any deferred hour payoffs will be paid in a lump sum (less taxes and any authorized deductions, of course). The earliest paydate, for those who retire on or before October 1, will be October 24. Those who retire November 1 should receive their payoff on the November 21 paydate. Of course, if you terminate late in a month, you might have to allow an extra pay period for processing. The previous section explains how to estimate your annual leave payoff amount.
- If you are eligible for a payoff of unused sick leave, you will be paid through the state payroll over a 60-month period commencing after your retirement date. If your total payoff equals less than $600, it may be paid in a lump sum. The first payment will be no earlier than November 7; subsequent payments will be on the first state payday of each month. Again, expect your first payment to be delayed if you terminate late in a month.

Procedural details regarding payoffs are being finalized. Please watch the ORS website for updates.

If you have any questions or concerns, please contact us. We are very grateful for your patience these last few months—and we look forward to serving you as a new retiree!